

**California Telehealth Network (CTN)
Rural Health Care Pilot Program
Quarterly Report: January 30, 2010**

(Reference: FCC WC Docket No. 02-60)



CALIFORNIA
TELEHEALTH NETWORK

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1. Project Contact and Coordination Information

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Statewide Coordination

The California Telehealth Network (CTN) project is being managed at the highest level, through the Office of the President of the University of California (UC). Operational responsibility has been delegated to the following entity within the University:

Center for Health and Technology
University of California Davis Health System
2300 Stockton Blvd, Suite 3900
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CTN operational management also receives guidance and operational support from the large group of CTN Consortium Member organizations. The CTN Consortium was originally formed in order to coordinate and consolidate multiple independent Rural Health Care Pilot Program (RHCPP) proposal initiatives, with the aim of submitting a single proposal that represented the interests of the State of California. The Consortium was formed specifically at the direction of the Governor's Office. A list of CTN Consortium Member organizations is provided in Appendix A. The CTN Consortium advises and informs CTN project management through the CTN Advisory Committee, whose members represent rural health care providers, state government organizations, as well as non-profit health care funding organizations. Statewide coordination of the CTN project is greatly facilitated by the willing investment of time, resources and expertise provided by the CTN Consortium members.

Operational coordination of the statewide project will be the joint responsibility of the Center for Health and Technology at UC Davis, and the selected vendor who will serve as the Prime Contractor for technical implementation and maintenance of the project. The CHT will provide the coordination and communications infrastructure to manage the various processes necessary to prepare the prospective CTN Participant sites for enrollment in the project. CHT will ensure that physical facilities are adequate and that all necessary participation agreements have been executed. CHT will also manage all financial processes, including review and approval of vendor invoices, as well as collection of monthly participation fees from CTN Participants.

As described in more detail in the following section, CTN has selected a vendor with the requisite resources, experience and available statewide communications infrastructure to coordinate, implement and manage the technical facets of this complex project. The vendor selection process is on track to be completed. Submission of the Form 466A to the Universal Service Administrative Company (USAC) is now anticipated for mid February 2010.

2. Identify All Health Care Facilities Included in the Network

The CTN has initiated numerous statewide communications activities aimed at enrolling prospective CTN participants. To date, close to 1000 health care facilities have signified their intention to participate by submitting a Letter of Agency. The complement of 863 sites submitted with the most recent CTN Form 465 posting, dated July 3, 2009, is publicly available in the Form 465 Attachment. A complete listing of eligible Participant Sites is available at the USAC RHCPP Web Site, under the California Telehealth Network entry:

<http://www.usac.org/rhc-pilot-program/tools/search-postings-2008.aspx#CA>

3. Network Narrative

The currently posted request for proposals (RFP) for CTN network services (CTN RFP #2009-02) provides detailed specifications and requirements for performance, reliability, security and quality of services, as well as detailed requirements for managed services to be provided by the Contractor(s). Copies of the RFP may be obtained online at the following Web link:

<http://www.ucdmc.ucdavis.edu/ctn/RFPdocuments.html>

CTN RFP #2009-02 was posted on 07/03/2009. This RFP process is a continuation of a prior RFP process, begun with the posting of CTN RFP #2008-001. For administrative reasons, CTN elected to rescind its December 12, 2008 Form 465 posting, a process that included retraction of the CTN RFP #2008-001 process as well. The subsequent RFP #2009-02, deviates very little from the previous RFP document. The principal difference is the inclusion of an additional 133 eligible sites. Essentially no changes were made to the technical, operational or financial requirements requested. The original RFP was broadly advertised among the potential vendors who might submit bids. Moreover, the RFP solicitation (“open”) period was extended to almost 90 days. Consequently CTN management believed that Bidders had ample opportunity to review the RFP(s) and formulate credible responses if they choose to do so. CTN elected to establish an “open” period consistent with the minimum required by RHCPP: twenty-eight days. As an aid to Bidders that submitted responsive proposals to the previous RFP, CTN permitted those Bidders to complete a submission to the present RFP simply by submitting responses to the Addendum accompanying RFP #2009-02. Their previous submissions, combined with their responses to the Addendum requirements, constitute a complete submission.

The RFP solicitation period for RFP #2009-02 closed on July 31, 2009. CTN was gratified that a total of six proposals were submitted: the four original Bidders and two new Bidders. During the period August 1, 2009 to October 12, 2009, comprehensive scoring and cost analysis were completed.

RFP Review Process

As stipulated in the RFP instructions, the review process comprised three separate phases:

1. Technical quality review
2. Financial sustainability plan review
3. Cost proposal analysis

Each phase was carried out by a separate and autonomous group of qualified individuals:

1. Technical scoring was performed by a team of six highly qualified network and computer experts representing UC, state government, rural healthcare and telehealth funding organizations. Each member independently scored the proposals; interim scoring results were not shared among team members until all proposals had been scored by every team member. Sustainability scores and cost analysis results were not shared with the Technical team.
2. Financial sustainability plan scoring was performed by a group of senior executives representing state government agencies and rural/telehealth funding agencies and groups. Technical scores and cost analysis results were not shared with the Sustainability team.
3. Cost proposals were analyzed by UC management representatives who are familiar with networking as well as financial cost modeling. A standardized life-cycle model was developed and each Bidder's cost proposal data was applied to that life-cycle model. The derived result for each Bidder cost proposal was an overall project cost for a life-cycle that extended over 48 months.

A resultant final score for each Bidder was derived by adding the Technical and Sustainability scores and dividing the resultant point score by the derived project life-cycle cost, yielding a "cost per quality point" score for each Bidder.

The Bidder that received the lowest cost per quality point was selected as the "apparent awardee." The apparent awardee will not be specifically identified in this Report since negotiations and execution of a contract have not yet been completed, and CTN wishes for the contract negotiations to proceed in a confidential fashion. The identity of the Bidder will be included in the next Quarterly Report following submission of the CTN Form 466A, now anticipated in mid February, 2010.

Contract Negotiations

CTN leadership had originally intended to complete contract negotiations by mid-December, 2009 and submit the Form 466A by year's end. This estimate was provided in the prior Quarterly Report. Despite continuing good faith efforts by all involved parties, the negotiation phase has extended beyond our original estimate. This is not due to lack of effort or having confronted intractable issues; rather simply an overly optimistic estimate for completing what in actuality, is quite a complex process. The draft contract is composed of approximately fifteen separate documents comprising close to 200 pages. Moreover, the document must be reviewed and approved by multiple divisions both within the

University and vendor organizations. Given the statewide scope and scale of the CTN initiative, such complexity is an inevitable consequence.

Nonetheless, considerable progress has been made. As of last week, the remaining list of over 50 issues and discussion items have apparently been resolved. The lead attorney for the vendor is currently drafting the final version of the contract and we are optimistic that final ratification by both parties will now occur within late January or early February.

Form 466A Filing Status

CTN has completed preparation of all significant components of the Form 466A filing and will be capable of executing a very expeditious filing following contract review and signing. The CTN Sustainability Plan has been extensively refined, based upon advice and guidance from USAC. The resulting Plan has been submitted to USAC for a second pre-submission review. The CTN RFP process has been extensively documented and a detailed summary has been prepared. Over 1000 pages of supporting documentation have been scanned and prepared for submission. We are confident that our extensive narratives and accompanying documentation will corroborate the open, competitive nature of the CTN RFP process.

4. List of Connected Health Care Providers

CTN has not yet implemented any network construction activities.

5. Identify the Following Non-recurring and Recurring Costs

CTN has not encumbered any reimbursable expenditures.

6. Describe how Costs have been Apportioned and the Sources of the Funds to Pay Them

CTN has not encumbered any reimbursable expenditures that are subject to apportionment to multiple funding sources.

Sources of Funding in Addition to RHCPP Award

CTN has received a \$3.3 million pledge from the California Emerging Technology Fund, (CETF, a non-profit, state government-chartered company) that has been specifically designated for funding of the 15% required co-payment for reimbursable expenditures. This represents 100% of the required co-payment funding for the CTN RHCPP. In addition, CTN has been granted partial reimbursement for monthly network connection costs by the California Public Utilities Commission, California Teleconnect Fund (CTF) program. Reimbursement under the CTF program will amount to approximately eight percent of monthly charges. CTN has also received a pledge of \$5 million from United Health Care / Pacificare and discussions are continuing regarding the timeline for disbursement

of these funds. An additional pledge in the amount of \$2 million has been received from the National Consortium for Health Integration and a timeline for funds disbursement is currently under discussion.

7. Identify any Technical or Non-technical Requirements or Procedures Necessary for Ineligible Entities to Connect to the Participant's Network

CTN has not begun network construction. Discussions are currently underway with various for-profit and other ineligible health care facilities, in an effort to establish guidelines and standards for accommodating their participation. CTN is currently preparing a financial Proforma that will be provided to ineligible entities that are interested in participating. The Proforma will itemize membership costs and is based in large part, upon the cost items submitted in the CTN Form 466A filing. Fair share costs will also include partial amortization of administrative and operational expenses not eligible for reimbursement under the RHCPP. CTN will include a copy of the Proforma in the appropriate future Quarterly Report.

8. Provide an update on the project management plan

CTN has not formally begun the implementation phase of the project, currently estimated to begin in late Quarter 1, 2010. The following is an updated approximate schedule of events following the RFP proposals review process.

Schedule of Events

Event	Date
Review and Score Proposals	Complete
Completion of Proposal Evaluation Process	Complete
Award Announcement	Complete
Initiation of Contract Negotiations	Complete
Contract Signing	Imminent
Form 466A Submission	February, 2010
Collect signed MOU's from CTN Participants	Ongoing

9. Provide Detail on Whether Network is or Will Become Self-Sustaining

CTN has begun discussions with numerous municipal, county government agencies, as well as for-profit healthcare providers, in an effort to develop a self-sustainability model. Appendix B contains the current CTN Sustainability Plan. The plan provides a comprehensive articulation of various strategies that CTN will employ to develop financial sustainability. These include: 1) Member subscription fees; 2) Access fees from commercial interests; 3) federal/state subsidy programs; 4) donations from non-profit healthcare funding organizations; 5) access and subscription fees from non-healthcare entities for use of network connectivity.

10. Provide Detail on How the Supported Network has Advanced Telemedicine Benefits

CTN has not begun implementation of the network. Consequently, no benefits directly attributable to the CTN have been derived.

11. Provide Detail on How the Supported Network has Complied with HHS Health IT Initiatives

- a. Interoperability Standards: the network has been designed as an “open network”, complying with industry-standard protocols.
- b. The network has not deployed any applications to date. CTN intends to adhere to the Certification Commission for Healthcare Information Technology (CCHIT) standards in selecting and implementing applications.
- c. The CTN will interconnect with Internet 2 and National LambdaRail national networks. This will permit CTN to interoperate with all current and planned National Health Information Network (NHIN) activities and initiatives.
- d. To date, the network has not yet used resources from the Agency for Healthcare Research and Quality (AHRQ) National Resource Center for Health Information Technology.
- e. University of California Davis Health System (UCDHS), the operational lead organization for the CTN, is actively involved in bioterrorism and pandemic response activities. Several members of the UCDHS Center for Health and Technology (CHT) are actively involved in this work and will be advised to coordinate the CTN-related activities with Department of Health and Human Services (HHS) Secretary for Public Response.
- f. UCDHS CHT will participate with CTN management to facilitate interoperability with public health and emergency organizations. CHT is completing work this quarter on a project funded by a \$5 million grant from HHS to develop Emergency Department Surge Capacity coordination. Part of this work involved developing collaborative and cooperative agreements among local, county and regional emergency response agencies and public health organizations. Efforts are continuing to coordinate the integration of additional sites for the HHS project in such a fashion that there is maximal overlap between HHS and CTN sites. The long-term goal is to position the CTN to become a core component of region and statewide efforts to develop emergency response and disaster preparedness programs and infrastructure. CHT and CTN management will expand the coordination efforts to include HHS and CDC interoperability requirements, as the network is actively deployed.
- g. CTN is coordinating with the University of California Proposition 1D/PRIME rural outreach initiatives. This program is funded through a \$200 million bond initiative approved by the voters to enhance training of medical students who express interest in practicing in rural areas. A portion of the funds (\$20 million) will be used to provide telemedicine equipment to rural health care sites, in order to facilitate telemedicine use. Due to significant budgetary challenges, the equipment distribution initiative was suspended for a period of time during late 2009. The state recently released additional funding for the 1D/PRIME initiative and equipment distribution will soon resume. CTN and UC are coordinating the two projects, with the goal of selecting common sites for both programs.

12. Explain How the Selected Participants Coordinated in the Use of Their Health Care Networks

CTN will implement ongoing efforts to comply with HHS programs to provide access to network services during national, regional or local public health emergencies. CTN has initial plans to facilitate access through three means:

1. UCDHS received a \$5 million grant from HHS as part of their Emergency Department Surge program to develop effective health care coordination capabilities in the event of public health emergencies. UCDHS selected rural health care facilities that will co-participate in both programs. In this fashion, the capabilities of CTN to support coordination of geographically distributed health care resources on a regional basis will be developed.
2. CTN will connect to both National Lambda Rail and to Internet 2 national networks. Through these connections, HHS will have unrestricted access to the CTN network, thereby providing integration at a national level.
3. CTN will connect to the National Lambda Rail Regional Optical Network (RON) provider for California, the Corporation for Education Network Initiatives in California (CENIC). CENIC provides direct connectivity to every University of California campus and medical center, as well as most major academic medical centers within the state (e.g., Stanford Medical Center and University of Southern California Medical Center). This connectivity will provide a means of broadly coordinating access to every major academic medical network within the state.

Appendix A – CTN Consortium Member Organizations

Health Care Providers:

- The University of California System (UC)
- The UC Office of the President (*Managing Partner*)
- The UC Davis Health System (*Project Management Lead*)
- Rural health networks and coalitions
- The Northern Sierra Telehealth Network
- The Community Clinics Health Network (CCHN)
- Central Valley Health Network (CVHN)
- The Southern Sierra Telehealth Network (SSTN)
- Open Door Health Network/Open Door Community Health Center (ODCHC)
- The Indian Health Service (IHS) network

Governmental Partners:

- The Office of the Governor
- California Health & Human Services Agency (CHHSA)
- The Office of Statewide Health Planning and Development (OSHDP)
- California Business, Transportation and Housing Agency (BTH)
- The California Department of Managed Health Care (DMHC)
- The California Office of Emergency Services (OES)
- The California Public Utilities Commission (CPUC)
- The California Emerging Technology Fund (CETF)
- The California Institute for Telecommunications and Information Technology (Cal IT2)

Other Organizations:

- The California Hospital Association (CHA)
- The California Health Foundation and Trust (CHFT)
- The California Telemedicine & eHealth Center (CTEC)
- The California State Rural Health Association (CSRHA)
- The California Primary Care Association (CPCA)

Appendix B – CTN Sustainability Plan

California Telehealth Network (CTN) Rural Health Care Pilot Program Sustainability Plan

(Reference: FCC WC Docket No. 02-60)



California Telehealth Network

Sustainability Plan

The most critical factor in sustaining broadband adoption is the value of the new network-based services that users are able to access. In the health care arena, the value of these services will be determined by their ability to simultaneously improve quality and improve efficiency, while decreasing costs. In order to ensure the long-term success of the broadband health network it is necessary that, once established, the California Telehealth Network (CTN) be self-sustaining. This Sustainability Plan outlines components, features and capabilities that will facilitate long-term economic sustainability for the CTN.

A. Funding Match (Minimum 15%)

The California Telehealth Network (CTN) has received a \$3.6 million pledge from the California Emerging Technology Fund (CETF, a non-profit, state government-chartered company) specifically designated for funding the 15% required co-payment for reimbursable expenditures. This represents 92.3% of the required funding match for the CTN Rural Health Care Pilot Program (RHCPP). The majority of the sites qualify for the California Teleconnect Fund (CTF), a fund administered by the California Public Utilities Commission (CPUC). Reimbursement under the CTF program will amount to approximately eight percent of monthly charges. These sources, combined with other philanthropic support for the CTN more than cover the 15% match required and the operational resources necessary to administer the program.

B. Projected Sustainability Period

Developing diverse revenue sources and a flexible business model will be necessary in order to provide robust and reliable network support. Through the innovative exploitation of highly competitive CalNet 2 pricing benchmarks, the availability of statewide pricing, as well as heavily subsidized services during the first three years of the program, CTN Participants will receive highly cost-effective and affordable data services. The CTN will continue to develop sustainable funding and reimbursement sources to achieve self-supporting status by the end of the RHCPP five-year funding period. Attachment A (Sustainability Projections) outlines the anticipated revenue and expenses for the first five years of the project.

C. Principal Factors

Sustainability will depend on the value of the broadband applications offered over the network, and the degree to which the costs and features of the network create an advantage over alternative options for telecommunications. Our sustainability strategy consists of four key elements:

- a. Reduce the cost of broadband operation through aggregating demand for services while providing a network dedicated to health care applications.** CTN will take advantage of the CalNet 2 pricing program that has been established by the State of California to provide uniform services and pricing for state and municipal government institutions. Pricing under this program was developed through multiple comprehensive competitive bidding processes and represents the best pricing available, based upon over \$400 million in annual expenditures. CTN has determined that it will be able to offer equivalent pricing on a uniform statewide basis (postalized rates). Consequently, the underlying costs for network services represents a tremendous financial benefit to underserved and rural customers, since the ultimate costs that will be passed on to them are based upon highly competitive, volume pricing.

Aggregating thousands of sites into one market will encourage broadband service providers to lower unit costs for service, eHealth application service providers who wish to access this aggregated market will pay CTN for the cost of using the network, thus further lowering costs to CTN and end-users. This network will have advantages over the public Internet because of the network's superior level of privacy and security as well as the explicit quality of service built into the service level agreements that will be essential to providers of eHealth applications.

- b. Maximize the use of existing telecommunications subsidy programs.** The majority of sites connected to CTN qualify for subsidized broadband connection rates provided by the California Public Utilities Commission under the California Teleconnect Fund (CTF). Reimbursement under the CTF program will amount to approximately eight percent of monthly charges. In addition, many of the rural sites also qualify for subsidy under the FCC Rural Health Care program. CTN will have a full-time telecommunications policy analyst available to educate users about the subsidies available that will help them further reduce their monthly broadband service fees.
- c. Institutionalize the use of eHealth as a core business practice in health care facilities.** Technology is increasing its role as a core component of America's health care delivery system. Recent federal policies that provide financial incentives to health care providers to adopt electronic health records are just one example of the central role that eHealth will play in the near future. The ability to capture health care information electronically so it can be exchanged with other providers within communities or across the state is rapidly becoming a requirement to provide quality health care. As a result, access to a fast, secure, and reliable broadband will be a requirement.
- d. Reduce health care costs while improving health care quality.** The use of telemedicine has already demonstrated the potential to reduce health care costs and increase quality. Examples include: A decrease in the need for patient transfers for critical care increases the savings for regional hospitals and enhances the ability for remote/rural hospitals to generate revenue. Access to healthcare, especially specialty services, is improved via telemedicine, providing savings to providers by decreasing health care personnel travel and time cost.

A number of other benefits accrue to providers, patients and families, and communities. Using broadband technology, providers can partner to ensure that people get access to timely, effective healthcare expertise; patients in underserved areas can gain access to medical resources; and providers can gain access to current medical records as well as consultative services, educational opportunities, and medical networks. Technology enabled health care will help facilitate new, more efficient models of health care delivery and disaster preparedness coordination across the economic and geographic spectrum.

The increased use of health care technology supported by broadband can improve the management of chronic illnesses which account for 75% of health care expenditures nationally. In a technology-enabled model of care, the patient would have an electronic health record (EHR) available to all of his or her healthcare providers. Should the patient experience a severe complication the local emergency physician could consult with a specialist – who had remote access to the EHR – to assist in providing emergency treatment via telemedicine.

These benefits and cost savings will further the incentives for health care providers to utilize eHealth technologies and the broadband infrastructure necessary to support health information exchange.

D. Terms of Membership in the Network

As part of membership in the CTN, all Participants will be required to execute a Membership Agreement (Attachment B). The Agreement will delineate the requirement to pay a reduced subscription fee throughout the RHCPP funding period, followed by a subscription fee sufficient to cover remaining costs after all other payer sources have been applied. The term of the Agreement is initially for one year and outlines the CTN Participant responsibilities, reporting and technical requirements and the fee terms and schedule.

CTN Membership and other fees are defined by type of service in the CTN Membership Fee Schedule, Exhibit B of the Membership Agreement (Attachment B). Separate fee schedules exist for Pilot Program and Subsidy Members and for Share-of-Cost Members. A description of each follows:

Pilot Program and Subsidy Member

A pilot program and/or subsidy member must be a public and not-for-profit health care provider eligible for participation in the RHCPP pilot.

Share-of-Cost Member

A Share-of-Cost Member is a non-USAC-eligible health care provider or for-profit organization.

E. Excess Capacity

Relationships with community and business partners will be actively explored. The CTN Interim Advisory Board includes senior leaders and executives able to open substantive discussions with a number of industries. A list of the CTN Interim Advisory Board members is included as Attachment C. Industry partners interested in becoming a *Share-of-Cost member* for the purposes of providing commercial services on the network would pay the actual costs of connection including administrative and overhead costs.

F. Ownership Structure

CTN is a statewide initiative supported and advanced by a consortium of public agencies, stakeholder providers, and foundations for which UC is the current fiscal agent and managing partner. The next phase of development for the CTN is to become a robust broadband network among participating sites and a viable public-purpose operating enterprise that can be sustained by reliable funding and revenue sources. The current phase of CTN development is intended to prepare for and be consistent with the establishment of a new non-profit governing entity. This new entity will not “own” the network; instead, it will be a 501(c)(3) non-profit governing entity (a public-private partnership) that will manage the contract with the selected telecommunication vendor.

We envision that the transition from management of the CTN by UC to the new entity will be a gradual and incremental process. The CTN will also be engaged in additional activities beyond the RHCPP, including work with new State Regional Extension Centers. The new entity will work closely with the University on these and related efforts.

G. Sources of Future Support

Developing multiple funding sources will be necessary in order to provide for robust, reliable network support. CTN is developing funding sources and reimbursement models that will ultimately lead to a self-supporting network. Three principal sources will provide significant funding:

1. Eligible rural participants will apply for funding under the FCC Standard Rural Health Care Program.

Based upon a preliminary analysis by USAC of the original 900+ Participant sites submitted for the CTN program, it is estimated that 30% of the sites (i.e., possibly up to 300 sites) are eligible for the FCC Standard Rural Health Care Program. Using this figure, as well as the estimated cost to connect each Participant, we derive the following:

Description	Cost
Connection Cost per Participant under CTN RHCPP	\$500
Urban T1 Cost (actual quoted cost, Sacramento CA)	\$150
(CTN RHCPP Cost – Urban Cost) x 0.6	\$210

This will mean that, following termination of the RHCPP, each site will qualify for an approximate \$200 per month offset in the cost of participating in the CTN.

2. California Public Utilities Commission, California Teleconnect Fund will provide as much as 50% reimbursement of eligible telecommunications expenses (subject to state budgets).

The CTF will provide 50% reimbursement for remaining telecommunications expenses for eligible health care providers (after all other third-party payer amounts have been deducted). All Participants that are eligible under the RHCPP are also eligible under CTF. During the RHCPP funding period, the CTF will fund 7.5% of the monthly network charges for each of the CTN Participants. For the estimated \$500 per month charge, the reimbursement amount would be \$37.50, regardless of rurality status. The percentage reimbursement from CTF following termination of the RHCPP would in principal, be greater. We are continuing discussions with CPUC in order to determine the potential funding amounts that will be available to eligible CTN Participants following termination of the RHCPP. Regardless of program funding regulations however, the actual amount available through the program will be highly dependent upon the California State Budget and consequently, cannot be precisely determined at present.

3. Individual CTN Participants will be required to execute a Membership Agreement that specifies a certain tenure of membership as well as agreeing to pay a monthly subscription fee (see Attachment B, Exhibit C).

A monthly subscription fee will be levied against all CTN Participants, beginning with their initial enrollment in the RHCPP and continuing throughout their membership. The subscription fees may be levied incrementally: during the RHCPP funding period, a lower fee will be levied. At the termination of the RHCPP, we estimate a fee of between \$200 and \$300 per month will be levied. As part of membership in the CTN, all Participants will be required to execute a Membership Agreement. The Agreement will delineate the requirement to pay a reduced subscription fee throughout the RHCPP funding period, followed by a subscription fee sufficient to cover remaining costs after all other payor sources have been applied.

The Membership Agreement itemizes the principal terms and conditions that circumscribe the joint and individual responsibilities of the CTN and each Participant organization. In particular with regard to sustainability, the Agreement will formalize the requirement that each Participant organization pay a monthly subscription fee as well as adhere to various restrictions on network use as proscribed in the FCC Order.

Foundation and other philanthropic partners in California are aware of the requirements of the launch period of the CTN and are providing modest support for operations during these early years. CTN is also actively seeking additional funding, including funding from non-profit health care funding organizations, as well as for-profit organizations that may pay “fair share” plus an additional increment. A number of innovative business models are under discussion. Commercial and not-for-profit ventures realize the value of a secure, dedicated health network; partnerships with these entities would provide operating revenue to the CTN and will be evaluated. For example, one model under discussion would be to utilize the CTN to deliver health record applications. A high-level executive with extensive business development experience is under recruitment and will guide these discussions..

CTN leadership will continue to examine opportunities proposed by industry partners. Commercial organizations find the CTN, as a dedicated healthcare network, an appealing mechanism for delivery of products directly to the customer. The application service provider (ASP) model offers the CTN a potential revenue opportunity. CTN leadership will carefully evaluate the criteria for, and implications of, this service model.

It is hoped that the CTN can be leveraged as a shovel-ready project for American Reinvestment and Recovery Act (ARRA) funds as well as other funding opportunities. We anticipate that well in advance of the termination of the RHCPP, CTN will have developed effective agreements with state, federal and non-profit as well as for-

profit healthcare funding organizations which will provide a significant percentage of the funding needed, with any remaining needs fulfilled via a monthly subscription fee for CTN Participants.

H. Management

In accordance with FCC rules, the University of California (UC) Office of the President and UC Davis serve as the Lead Agency for the Program (CTN-LA). The CTN-LA manages the selection of the telecommunication vendor, the implementation of the network, and the development of a sustainability model. The CTN Interim Advisory Board (see Attachment C) consisting of representatives from the California Public Utilities Commission, the California Business, Transportation, and Housing Agency, the California Telemedicine and eHealth Center, the California Primary Care Association, and other key stakeholder groups meets regularly to provide oversight on the CTN project.

The University of California will continue to lead in gradually transitioning the operations of CTN from management by the University to management by a new non-profit entity beginning in early 2010, but extending over a period of sufficient duration to ensure seamless and uninterrupted service to CTN Participants. Moreover, careful consideration will be given at each step to validate that the transition is compliant with all USAC/FCC RHCPP requirements. This change in governance structure was approved by the CTN Interim Advisory Board earlier this year to provide more flexibility for the CTN to develop and respond to business opportunities designed to sustain the network in the long-term.

The CTN Interim Advisory Board was established to advise the UC Office of the President and the UC Davis Health System on the development, management and implementation of the California Telehealth Network as it transitions to a new governance and management structure. It is recognized that the University of California, as the fiscal agent and managing partner, is accountable and responsible to the UC Board of Regents. Thus, while the Interim Advisory Board formally functions in an advisory capacity, it is important to emphasize that this group continues to provide the active leadership and oversight for both the policy and programmatic direction of the CTN. A list of the CTN Interim Advisory Board members is included as Attachment C. Areas of responsibility for the Board include:

Policy and Programmatic Guidance

- Guidance on governance issues during the transition of the CTN from UC to a non-profit entity including comment on strategy and direction of the by-laws and tax-exempt document submission;
- Facilitation of productive working relationships with stakeholders;
- Advice and guidance regarding key, collaborative state-wide initiatives, including Health Information Exchange and Regional Extension Centers;
- Identification and recruitment of additional project partners and new network subscribers;

Technical Guidance

- Guidance regarding the technical aspects of the network;

Financial/Business Guidance and Oversight

- Provision of guidance and assistance in securing funding for approved activities and needed investments for the project;
- Advice and support regarding development of business planning strategies and sustainability models.

UC executive leadership will remain involved in the new governance structure through participation at the Interim Advisory Board level. To ensure that all of the contractual obligations of any program operated by CTN -- including the FCC RHCPP program -- are maintained, the University will not transition any CTN management or operational functions until approval is granted by the FCC RHCPP.

CTN Sustainability Plan

List of Attachments

Attachment A: Sustainability Projections

Attachment B: CTN Membership Agreement

Exhibit A: Public & Private Funding Sources

Exhibit B: CTN Membership Agreement Guide

Exhibit C: CTN Membership Fee Schedules

Attachment C: CTN Interim Advisory Board Members

Attachment A: Sustainability Projections

	Forecast Period				
	Year 1 Jan 2010 - Dec 2010	Year 2 Jan 2011 - Dec 2011	Year 3 Jan 2012 - Dec 2012	Year 4 Jan 2013 - Dec 2013	Year 5 Jan 2014 - Dec 2014
Revenues					
Revenue Carry-Forward from Previous Year		\$ 0	\$139,287	\$1,994,914	\$4,838,125
Network Services Revenues:					
Network Access Subscription Revenue (Subsidy)	\$ -	\$ 373,488	\$ 1,664,883	\$ 4,159,415	\$ 4,267,800
USAC Subsidy (Rural Healthcare Division Program)					\$ 4,471,200
Universal Service Fund FCC RHCPP	\$ -	\$ 1,810,515	\$ 4,620,642	\$ 8,076,596	\$ 10,933,347
Other Operating Revenues Gifts & Grants	\$ -	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Business Venture Revenue Models	\$ -	\$ -	\$ 250,000	\$ 500,000	\$ 500,000
Total Revenues	\$ -	\$ 2,784,003	\$ 6,885,525	\$ 12,488,036	\$ 18,187,676
Expenses					
Salaries	\$ -	\$ 844,196	\$ 1,281,764	\$ 1,436,481	\$ 1,479,576
Benefits		\$ 229,721	\$ 351,385	\$ 475,475	\$ 519,331
Other Operating Expense (Supplies & Travel)	\$ -	\$ 325,000	\$ 250,000	\$ 250,000	\$ 150,000
Membership Billing/Invoicing Services	\$ -	\$ 230,902	\$ 242,447	\$ 254,570	\$ 267,298
Network Buildout/Maint./Monitoring (Subsidy Members)	\$ -	\$ 1,810,515	\$ 4,620,642	\$ 8,076,596	\$ 10,933,347
Total Expenses	\$ -	\$ 3,440,334	\$ 6,746,239	\$ 10,493,122	\$ 13,349,551
In-Kind Contributions					
University of California Davis		\$656,331			-
Total In-Kind		\$656,331			
Net Income	\$ -	\$ 0	\$139,287	\$1,994,914	\$4,838,125
					\$1,087,726

Note: Revenue and Expenses for Share-of-Cost Members pass through and therefore are not included.



Attachment B: CTN Membership Agreement

The California Telehealth Network (CTN) is a statewide dedicated health care broadband network developed to ensure that California communities, especially rural communities, have access to a wide range of telemedicine and eHealth activities. The network was established as a result of Federal Communication Commission (FCC) funds, as well as a number of other public and private funding sources identified in Exhibit A. Universal Service Administrative Company (USAC-<http://www.usac.org/default.aspx>) is the organization appointed by the FCC to be responsible for overseeing, administering and managing the Rural Health Care Pilot Program (“Program”) (RHCPP-<http://www.fcc.gov/cgb/rural/rhcp.html>) in accordance with FCC requirements. CTN is one of many networks authorized for funding under the Rural Health Care Pilot Program. The CTN will provide the connectivity necessary to access high quality, collaborative health services, continuing education, research and peer networking.

The University of California Office of the President and UC Davis currently serves as the Lead Agency for the CTN (CTN-LA). The CTN-LA manages the selection of the telecommunication vendor, the implementation of the network, and the development of a sustainability model.

Member is committed to improving access to and the quality of healthcare in its community.

RESPONSIBILITIES OF THE CALIFORNIA TELEHEALTH NETWORK LEAD AGENCY (CTN-LA)

- 1) Oversee the implementation of the CTN.
- 2) Select a telecommunications broadband vendor that meets requirements of the Program and the CTN-LA (Lead Agency).
- 3) Maintain the CTN as defined in the FCC RHCPP guidelines (see RHCPP-<http://www.fcc.gov/cgb/rural/rhcp.html>).
- 4) Guarantee a minimum bandwidth and Quality of Service (QOS) capabilities to provide high quality support for commonly used telehealth and eHealth applications (e.g. videoconferencing, HIE) (“Minimum” baseline circuit capacity is defined at the T1 level).
- 5) Develop and update an implementation schedule of sites.
- 6) Maintain a CTN Membership Manual as developed with input from participants and CTN Advisory Group.
- 7) Submit documentation to the FCC including Quarterly Reports and Sustainability Plan.
- 8) Maintain a web site to facilitate the management of the CTN and to support communication with member sites.
- 9) Retain records as required by the Program.

- 10) Maintain the Membership Fee schedule for 'Share-of-Cost', 'Pilot Program' and 'Subsidy' participants. A description of each type is located in the Membership Agreement Guide (Exhibit B) – Membership Fees and Terms section.
- 11) Provide a minimum of 45 days notice in writing regarding changes in the fee schedule. Provide a formal mechanism for membership comment during the 45 days that is moderated by the CTN Advisory Board to ensure transparency in establishing fees necessary to sustain the CTN.
- 12) If transferring any of the CTN-LA's responsibilities to a third party, assure that the entity's approved by USAC/FCC.

RESPONSIBILITIES OF CTN MEMBER

- 1) Comply with all terms, conditions and requirements outlined in this agreement and the CTN Membership Agreement Guide, Exhibit B and any requirements required by the Program (see <http://www.fcc.gov/cgb/rural/rhcp.html>).
- 2) Provide data reports as required by the FCC, currently on a quarterly basis to CTN-LA. An example of the data required and other details for the quarterly reports are included in Exhibit B – Program Reporting section.
- 3) Install and maintain all inside wiring and on-site equipment necessary to complete connection to the CTN including, but not limited to that outlined in the Exhibit B – Wiring and Onsite Equipment Requirements section.
- 4) Maintain a designated technical contact at each member's facility to work with CTN-LA.
- 5) Submit timely payment of Membership Fees as defined in Exhibit B – Membership Fees and Terms section and the CTN Membership Fee Schedule, Exhibit C.
- 6) Accept email communications from CTN-LA as the authoritative mode of communications. Member agrees to provide and maintain an email address that will serve as the means of receiving official notifications and documents from the CTN-LA, notifying CTN-LA of any change in email address within ten (10) calendar days.
- 7) Maintain all licenses, permits, certificates and credentials required by the laws of the United States, the State of California, and all other appropriate governmental agencies necessary for the site to maintain eligibility for the RHCPP.
- 8) Maintain comprehensive professional liability and general liability insurance.
- 9) Assume full responsibility for compliance with the FCC and USAC Rural Health Care Pilot Program's health care services eligibility requirements (see <http://www.fcc.gov/cgb/rural/rhcp.html>).
- 10) Notify CTN-LA within 14 calendar days of any organizational change that might alter FCC or USAC Program's health care services eligibility status.
- 11) Acknowledge that the authoritative source for designation of eligibility services shall be the FCC and USAC.

GENERAL PROVISIONS

Service Activation. Activation of service is dependent upon completion of all of the following:

- 1) Execution of the CTN Membership Agreement
- 2) CTN-LA's notification from the awarded telecommunication vendor that broadband through the CTN is accessible to Member site.

Membership Fees and Terms. Members are subject to either a pilot program/subsidy or share-of-cost fee schedule as determined by the Program's site eligibility criteria. Member's corresponding fee schedule is outlined in Exhibit C. All other payment terms required are outlined in Exhibit B – Membership Fees and Terms section.

Term and Termination.

The term of agreement is one year from the date of Service Activation. Thereafter, the agreement is renewable for successive one year terms, unless terminated by either party as specified below:

- 1) Either party may terminate this agreement without cause upon thirty (30) calendar days written notice.
- 2) Either party may terminate this agreement upon thirty (30) days prior written notice to the other party for cause or after the occurrence of any of the following events:
 1. the other party becomes insolvent (for purposes of this agreement, "insolvent" shall mean that the party is generally not paying its debts as such debts become due unless such debts are the subject of a bona fide dispute); or
 2. a receiver is appointed for the assets of the other party; or
 3. an assignment is made by the other party for the benefit of its creditors; or
 4. any relief is taken or suffered by the other party as debtor under any bankruptcy or insolvency act and such proceeding has not been dismissed in sixty (60) calendar days; or
 5. there is an inability to comply with the subscription fee schedule.

"Cause" is defined as not meeting the requirements of the Membership Agreement or not complying with the CTN Membership Agreement Guide requirements outlined in Exhibit B. Member acknowledges that continued operation of the CTN may be subject to the availability of continued support from funding sources and that the CTN-LA reserves the right to modify or curtail the CTN services in total or in part at any time, at its sole discretion.

- 3) Immediate termination may be initiated for compliance issues that substantially jeopardize the grant funding agreements with the FCC or other sponsors.
- 4) CTN-LA shall have the right to immediately terminate this agreement upon notice to Member in the event that Member, or any person with an ownership interest or in a management position with Member, is excluded from participation in federal or state health care programs, debarred from receipt of federal or state funds, or convicted of a crime related to the above.

Limitation of Liability. CTN-LA shall have no liability for consequential, exemplary, indirect, special, incidental or punitive damages, including loss of profits, revenues, data or use, incurred by Member or any third party acting on behalf of member, whether based on contract, tort or any other legal theory, arising out of the vendor selection, or installation, operation, maintenance, failure to maintain, use, misuse, or malfunction of the CTN.

CTN-LA does not make and expressly disclaims all warranties with respect to the broadband communications link, whether express, implied or statutory, including without limitation the implied warranties of merchantability and fitness for a particular purpose.

Change in Legal Status: Member shall notify the CTN-LA within 14 calendar days of any change in Member's ownership or legal status. In the event that eligibility for the FCC Program changes, Member understands that the agreement may be terminated by CTN-LA if the change violates compliance with FCC or USAC rules or the terms of the FCC funding. Alternatively, if the agreement is permitted to continue, Member agrees to assume full responsibility for any financial or other restitution that may be required under the applicable terms and conditions of the CTN or its funding sources in accordance with the then-current CTN Membership Fee Schedule.

Delegation/Assignment: Member shall not delegate duties or assign any rights under this agreement without the prior written consent of CTN-LA. Any attempted assignment or delegation of a CTN-LA member's rights, claims, privileges, duties or obligations hereunder shall be null and void. Member agrees to execute one or more Letters of Agency to continue delegation of authority as established through member's original Letter of Agency for CTN-LA to act on member's behalf before the FCC and USAC in matters related to the Program. CTN-LA shall notify Member within 14 calendar days of any change in management, funding change or other operational circumstances that may impact the operation of the CTN.

Exhibits. All Exhibits referenced below are incorporated into this agreement as part of the agreement.

Use of Name. Member shall not use CTN-LA's or the University of California's name in any advertising or promotional materials or statements to the public without the prior written approval of CTN-LA.

Governing Law/Venue. This agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed wholly within that state. Venue shall be exclusively in the judicial district encompassing Sacramento, California.

Partial Invalidity. If any provision of this agreement is found to be invalid or unenforceable by any court or other lawful forum, such provision shall be ineffective only to the extent that it is in contravention of applicable laws without invalidating the remaining provisions of this agreement, unless such invalidity or unenforceability would defeat an essential business purpose of this agreement.

Independent Relationship. Nothing in this agreement is intended to create nor shall it be deemed or construed to create any relationship between the parties hereto other than that of independent entities contracting with each other hereunder solely for the purpose of affecting the provisions of this agreement. Neither of the parties hereto, nor any of their respective officers, directors or employees shall be construed to be the agent, employee or representative of the other.

Expenses. Should either party institute any mediation, action or proceeding to enforce this Agreement or any provision hereof or for damages by reason of any alleged breach of this Agreement or of any provision hereof, or for a declaration of rights hereunder, the substantially prevailing party in any such mediation, action or proceeding shall be entitled to receive from the other party all costs and expenses, including reasonable attorneys' fees, incurred by the substantially prevailing party in connection with such mediation, action or proceeding. The determination of which party is the "substantially prevailing party," shall be made by the mediator, court or arbitrator, as applicable, at the time of the mediation, action or proceeding, as the case may be.

Force Majeure. Neither party hereto shall be liable for any delay or failure in the performance of any obligation under the agreement or for any loss or damage (including indirect or consequential damage) to the extent that such nonperformance, delay, loss or damage results from any contingency which is beyond the control of such party, provided such contingency is not caused by the fault or negligence of such party. A contingency for the purposes of this agreement shall be third-party communication network outages, Acts of God, fire, explosions, storms, wars, hostilities, blockades, public disorders, quarantine restrictions, embargoes, strikes or other labor disturbances, and compliance with any law, order or control of, or insistence by any governmental or military authority. The party claiming to be affected by such contingency shall give immediate notice to the other party, giving full particulars thereof. The existence of such contingencies shall justify the suspension of performance hereunder by either party; provided, however, that if such period of delay shall exceed sixty (60) days from the date of such notice, either party shall have the right to terminate this agreement.

Third Party Beneficiaries. Nothing in this agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this agreement on any persons other than the parties to it and the respective permitted successors and assigns, nor is anything in this agreement intended to relieve or discharge the obligation or liability of any third persons to any

party to this agreement, nor shall any provision give any third persons any right of subrogation or action over or against any party to this agreement.

Notices. All notices which are required or permitted to be given pursuant to this agreement shall be in writing and shall be sufficient in all respects if delivered personally, by electronic facsimile (with a confirmation by certified mail, return receipt requested, placed in the mail no later than the following day), by express courier (such as Federal Express) or by certified mail, return receipt requested, postage prepaid, addressed to a party as indicated below:

For CTN-LA:	For Member: (Please Insert Contact Information)
University of California Davis Health System	
C/O Center for Health and Technology	
2315 Stockton Boulevard	
Sherman Building, Suite 3900	
Sacramento, CA 95817	

Notice shall be deemed to have been given upon transmittal thereof as to communications which are personally delivered or transmitted by electronic facsimile and, as to communications made by United States mail, on the third day after mailing (so long as the mailing was made in a metropolitan area in the State of California). The above addresses may be changed by giving notice of such change in the manner provided above for giving notice.

Continuing Cooperation. Throughout the term of this agreement, the parties shall cooperate in good faith and agree to perform any and all tasks which are reasonably necessary for the performance of this agreement.

Authorized Representatives. Each of the persons signing below represents and warrants to the other party that he/she is duly authorized to sign this agreement and that upon his/her execution of this agreement, this agreement is a binding obligation of the party on whose behalf the person executes this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the day and year first written below.

INSERT SITE NAME HERE

By: _____

Name: _____

Title: _____

Date: _____

REGENTS FOR THE UNIVERSITY OF CALIFORNIA ON BEHALF OF THE CTN-LA.

By _____

Date: _____

☐ Please check this box if you are interested in additional connectivity speeds being explored for your site other than those listed in Exhibit C.



EXHIBIT A CTN Public and Private Funding Sources

CTN Public and Private Funding Sources to date include the following. These entities may be subject to change at any time.

- FCC Rural Health Care Pilot Program (RHPP)- <http://www.fcc.gov/cgb/rural/rhcp.html>
- California Emerging Technology Fund (CETF) - <http://cetfund.org/>
- United Health/Pacificare
- National Coalition for Health Integration
- California Teleconnect Fund (California Public Utilities Commission)
- University of California



EXHIBIT B

Membership Agreement Guide

The California Telehealth Network is a statewide project initiated to provide broadband connectivity for telehealth, especially in rural areas. A working group of major California institutions and stakeholders is united with the common goal of creating a forward-looking, state-of-the-art telehealth network for California. This group includes California leaders and representatives of multiple offices and organizations, including the Office of Governor Arnold Schwarzenegger, several major state governmental entities responsible for health, business and telecommunications matters, the University of California (Office of the President and UC Davis Health System) non-profit organizations, and California public and non-profit health care providers, including existing regional health networks.

The CTN is intended to improve access in rural and underserved areas to high quality, collaborative health services and provider education. The network will be capable of linking California's rural health facilities to academic centers of excellence and to other non-profit and for-profit health providers. The CTN will also serve as a resource for emergency services and disaster recovery training and efforts.

The purpose of this CTN Membership Agreement Guide is to further define requirements referenced in the CTN Membership Agreement. Terms outlined in this Membership Agreement Guide will take effect and be held in accordance with the terms of the CTN Membership Agreement.

- **Program Reporting**

CTN Members are required by FCC to submit electronic program reports (currently quarterly) using a pre-determined Microsoft Excel format. Report templates will be available to Members via the CTN Web site. Reports are to be sent to the address noted on the Web site no later than fourteen (14) calendar days after the close of each calendar quarter.

Member site data reporting requirements will be refined based on FCC and other sponsorship guidelines. CTN Members will be notified by CTN-LA of reporting requirements 60 days in advance and will receive a 30 day comment period.

Reporting elements may include:

- Site demographic and contact information
- Type of CTN services accessed

- Frequency of CTN services accessed (“frequency” to be defined)
 - Increase in site services as a result of CTN access
 - Increase in staff knowledge areas as a result of services accessed through CTN
 - Additional service suggestions for CTN consideration
-
- **Wiring and Onsite Equipment Requirements**

The support for the network infrastructure is defined-limited to a specific end-point. All wiring beyond the end-point is the responsibility of the individual Members. The CTN Member will be responsible for authorizing, scheduling and funding any physical or environmental upgrades, repairs or modifications that are necessary in order to properly install and maintain the communications equipment and/or circuits for connection to the CTN. These may include:

 - Upgrade or repair of the room, closet, etc., where communications equipment will be installed in order to provide adequate space, physical support and security.
 - Installation or upgrade of conduit, raceway, etc. that provides connectivity between Site exterior and the interior location where communications equipment and circuit terminations will be installed.
 - Installation, repair or enhancement of ventilation and electrical supply (HVAC) serving the communications location.
-
- **Membership**

CTN Membership and other fees are defined by type of service in the CTN Membership Fee Schedule, Attachment C. Separate fee schedules exist for Share-of-Cost Members and Pilot Program/Subsidy Members. A description of each follows:

Pilot Program or Subsidy Member

A Pilot Program or Subsidy Member refers to sites that are eligible for FCC program support. Pilot Program and Subsidy Members must be public or not-for-profit health care providers and qualified by USAC based on the requirements set forth by the FCC (see RHCPP-<http://www.fcc.gov/cgb/rural/rhcp.html>).

Share-of-Cost Member

A Share-of-Cost member refers to organizations not eligible for the FCC Pilot Program funding. These organizations are non-USAC-eligible health care providers or for-profit organizations.
-
- **Fees and Terms**

CTN-LA will charge Member a monthly subscription fee, payable in advance, due on the first of each month of service. CTN-LA will invoice Member for the initial monthly subscription fee and other applicable set up fees at least 30 days prior to the activation date or from the date initial charges commence for Pilot Program and future subsidy members.

CTN-LA will issue subsequent invoices on a monthly basis at least 30 days in advance. Member shall be required to continue monthly subscription fee payments at the current applicable monthly rate as specified in the Member's respective fee schedule. All current applicable subscription rates will be posted on the CTN Web site.

CTN-LA may change the monthly subscription fee as the CTN sustainability model is refined. If changes occur, CTN-LA will notify Members forty-five (45) calendar days in advance via the CTN Web site. Should a change in fee schedule occur, members will be provided a formal comment period during the forty-five (45) calendar days via the CTN Web site, moderated by the CTN Advisory Board, to ensure transparency in establishing fees necessary to sustain the CTN.

A late charge of the greater of \$5 or 1.5% per month, will apply to payments received ten (10) calendar days after date of invoice and monthly thereafter for unpaid balances. Payments not received within sixty (60) calendar days after date of invoice will result in termination of the connection and termination of the Membership Agreement.

Members hereby agree to pay additional charges and fees for any miscellaneous equipment, software or services not otherwise covered under the Program and for which prior written authorization has been obtained from Member by CTN-LA. Payment shall be due and payable upon receipt of invoice from CTN-LA.

In the event that a Member continues to use equipment, software, or services provided under the Program following the date of termination of participation, the Member agrees to pay the current "fair share" cost for these services. Fees shall be levied on a monthly basis and will not be prorated for partial month usage. Fees shall be determined solely by the CTN-LA and shall be equivalent to the currently applicable fees charged to Share-of-Cost Members under the Program.



EXHIBIT C
CTN Membership Fee Schedule
As of November 15, 2009
Pilot Program/ Subsidy Members

Pilot Program Membership Fees:

Pilot Program Member will receive access to the CTN free of charge for the first ninety (90) calendar days from the activation date.

Type of Service	Connectivity	Month 1 through 3	Other Fees
CTN VPN Managed Landline Service (standard)	1.5 Mbps	Free of charge	NA
CTN VPN Managed Landline Service (high speed)*	9.3 Mbps	Free of charge	NA

Upon completion of the initial ninety (90) days of service, Pilot Program Member will be invoiced on a monthly basis according to fee schedule below applying all terms as outlined in Exhibit B – Member Fees and Terms section.

Type of Service	Connectivity	Month 4 through 6	Other Fees
CTN VPN Managed Landline Service (standard)	1.5 Mbps	\$50 per month	NA
CTN VPN Managed Landline Service (high speed)*	9.3 Mbps	\$210 per month	NA

Type of Service	Connectivity	Month 7 through 12	Other Fees
CTN VPN Managed Landline Service (standard)	1.5 Mbps	\$100 per month	NA
CTN VPN Managed Landline Service (high speed)*	9.3 Mbps	\$420 per month	NA

** subject to verification of bandwidth availability in your region at this speed and funding available through the Rural Health Care Pilot Program.*

NOTE: Additional speeds may be available in your region and will be assessed on a case by case basis. If you are interested in a higher connectivity speed than those listed, please check the box on the last page of your agreement after signing and the CTN will contact you upon determination if alternate speeds are possible.

The high speed circuit services (9.3 Mbps and higher) may not be available at every site for a variety of reasons, primarily due to the current limited availability of telecommunications infrastructure in certain locations. CTN-LA will be working with the CTN Prime Contractor as well as with participating local telecommunications providers to enhance the availability of high speed circuits as the project progresses. In the interim, approval of all requests for high speed service are subject to verification that the requested circuit service is technically supported and available at a pricing level consistent with existing CTN contract pricing agreements.

Co-Chairs:

NATION, Cathryn

Associate Vice President, Health Sciences
University of California Office of the President
Oakland

NESBITT, Thomas

Executive Associate Dean
UC Davis School of Medicine
Sacramento

CAMICIA, Joe

Chief of Staff
Office of the State Chief Information Officer
Sacramento

CHONG, Rachelle

Commissioner
State of California Public Utilities Commission
San Francisco

EHNES, Cindy

Director
Department of Managed Health Care
Sacramento

FERGUSON, Earl

Director
Southern Sierra Telehealth Program
Ridgecrest

FROHLICH, Jonah

Deputy Secretary of Health Information Technology
California Health and Human Services Agency
Sacramento

LAWS, Margaret

Director, Innovations for the Underserved
California HealthCare Foundation
Oakland

LOWELL, Kathryn

Deputy Secretary, Health Systems & Life Sciences
California Business, Transportation and Housing Agency
Sacramento

CTN Quarterly Report: January 30, 2010
Appendix B: CTN Sustainability Plan
Attachment C: CTN Interim Advisory Board Members

MARTIN, Christine

Executive Director
California Telemedicine & eHealth Center
Sacramento

MARTINEZ, Andie

Senior Policy Analyst
California Primary Care Association
Sacramento

MCPEAK, Sunne Wright

President and CEO
California Emerging Technology Fund
Sacramento

MONK, Nancy

Senior Vice President, Public & Regulatory Affairs
UnitedHealthcare, West Region
Cypress

ROSE, Desiree

Executive Director
California State Rural Health Association
Sacramento

SOON-SHIONG, Patrick

CEO, Abraxis Health
Chairman, National Coalition for Health Integration
Santa Monica

SUDER, Lois

Executive Vice President/COO
California Hospital Association
Sacramento